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The policy decisions regarding higher education that are now being made will have a profound influence on the future of higher education. The issues boil down to the questions of: who should go to college: who should control colleges: who should pay for colleges: and who should make national policy concerning higher education. What directions higher education will take will be determined by the methods the federal government adopts to allocate its resources. The alternatives are: continuation on the present course of supporting categorical programs, academic facilities and student aid: channelling funds primarily through the individual students: or providing support directly to the institutions. In its advisory report to the Secretary of HEW, the Wescoe Committee evaluated the assets and liabilities of categorical support. The Committee described the effect of the lack of clear goals on higher education. One of the plans involving channelling funds through students is provision of tax credits for educational expenses. This plan is politically appealing but would hurt low income families, working students and veterans on the GI Bill, and would cost the Treasury a billion and a half dollars yearly. Another proposal is the Educational Opportunity Bank or "Student Life Indenture Plan." The alternative of providing direct institutional aid is supported by the 7 major national higher education associations and bills proposing such general aid programs have been introduced in Congress. (JS)

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Section 3
Monday Morning, March 3

RELATIONSHIPS OF HIGHER EDUCATION TO NATIONAL POLICY: ASSETS AND LIABILITIES*

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It is fashionable to begin a paper by asserting that, whatever the subject, we are in a critical period. I shall not deviate from this time-honored practice. For I am convinced that national policy decisions affecting higher education are now in the process of being made that will have a profound influence on the future of higher education for a long time to come.

The issues boil down essentially to the questions of who should go to college; who should control the colleges; who should pay for college; and who should be involved in making national policy concerning higher education.

Those of us over 40 have an idealized concept of the answers to those questions. We grew up with the idea that education at all levels is essential to the development of our society and that society has an obligation to support education. Society, in the past, generally has accepted its responsibility to support education, largely through voluntary contributions and through taxation.

According to a book on fund-raising by Professor Scott Cutlip of the University of Wisconsin, the first systematic effort to raise money on this continent was for a college--Harvard College, of course. Since student fees were expected to provide only a small part of the cost, in 1641 the Massachusetts Bay Colony sent three clergymen to England to solicit money for the college so that it could, among other endeavors, "educate the heathen Indian." One of the three returned with 500 pounds, one became a rector in England, and the third wound up hanging from an English gallows. Thus ended the first organized attempt to convince society of its responsibility for the support of higher education.

But even with that less-than-fortunate beginning, we have never given serious consideration to the idea that the student is the primary beneficiary of higher education and therefore should pay all or most of the cost--until recently, that is. I refer to proposals for the so-called "Educational Opportunity Bank" put forward by Professor Zaccarias of M. I. T., and incorporated in recommendations for national higher education policy by the Carnegie Commission on the Future of Higher Education and the Federal Committee headed by Dr. Alice Rivlin. The proposals essentially would shift all or most of the cost of higher education to the student, which he would pay by borrowing on his future income. Critics of the plan call it the Student Life Indenture Plan, or SLIP.

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Just as philanthropy has been a primary source of support for private colleges and universities, state and local taxes have been a primary source of support for public higher education. Both of course, benefit by Federal assistance. The principle of public responsibility for the support of higher education was firmly established under the Northwest Ordinance. As the frontier pushed westward, among the first acts of the territorial legislatures was the provision of free state institutions which would be equally open to all. The most eloquent statement I have seen in this regard was made in 1865 by John B. Bowman, first regent of what was later to become the University of Kentucky. Said Regent Bowman:

> "I want to build up a people's institution, a great free university, eventually open and accessible to the poorest boy in the land, who may come and receive an education practical and suitable for any business or profession in life. I want to cheapen this whole matter of education, so that under the broad and expansive influences of our Republican institutions, and our advancing civilization, it may run free, as our great rivers, and bless the coming millions."

My hidden reason for introducing this statement is to put the Republican party on record in favor of universal educational opportunity and low tuition.

Those of us based in Washington are constantly being asked what the new administration plans to do about higher education. Our crystal balls are no clearer than anyone else's. It is my experience that the longer you are in Washington the more confused you become. As a matter of fact, after a while the people in Washington begin to lose perspective and start thinking that the rest of the country revolves in orbit around them.

To my knowledge, the new administration has taken no positions as yet regarding national policy affecting higher education. HEW Secretary Robert Finch did say on "Meet the Press" on February 2, in response to a question as to whether he was planning to introduce any new programs, that he was thinking about a community college program with strong vocational emphasis. Since he has not yet had a meeting with representatives of the higher education community, we do not know precisely what he has in mind.

I should qualify my remark about Mr. Finch not meeting with representatives of the higher education community. I refer to the organizations that represent higher education in Washington and whose policies and legislative recommendations are formulated by their higher education constituencies throughout the country. Mr. Finch reportedly has had a report from his task force on education, the membership of which is secret but which presumably includes knowledgeable people from higher education. Chairman of the task force is Alan Pifer, president of the Carnegie Corporation. The staff director is reported to be Edward Meade of the Ford Foundation. We can at least be certain that Mr. Finch has had the benefit of the thinking of the principle foundations in the field of higher education.

The platform of the Republican Party included, as I recall, support for tax credits for educational expenses giving greater operational responsibility for education to the states, perhaps in the form of bloc grants. This was good campaign material, but I personally doubt that either of these goals will be actively pursued. The second might, but probably for elementary and secondary education and not higher education. It is natural for any administration--Democrat or Republican--to want to establish a record of accomplishment. And once it is in office and has its staff in place, it begins to establish national priorities. The tax credit plan would

take a billion and a half dollars or more out of the Federal treasury for use largely by middle-income families. The administration might well see more urgent needs for that money and want to spend it for its own programs. The same might be true for bloc grants.

I began by suggesting that critical decisions affecting the long-range future of higher education are now in the process of being formulated. They will be made during the term of the present administration. I do not want to suggest that the Federal government--and I include Congress--has the sole power to make these decisions, but it will certainly have the major voice. That should not be surprising when you consider what has happened to the Federal role in financial support of higher education. Just after World War II, it amounted to about two hundred million dollars. Today it is more than three and a half billion dollars, and the Carnegie Commission suggests it will be $13.22 billion within ten years.

Former U. S. Commissioner of Education, Francis Keppel liked to refer to the Federal government as a junior partner in the higher education enterprise, but this perception of the Federal role may no longer be valid. The Wescoe Committee, formally known as the Advisory Committee on Higher Education to the Secretary of Health, Education, and Welfare, in its report released selectively last August, analyzed the development of Federal participation in higher education since World War II, and looked ahead, concluding that the Federal government has "moved inadvertently into a position of primary responsibility for the destiny of higher education."

Higher education is now standing at a crossroads, and the direction it takes will be determined by the policies the Federal government adopts in determining how to allocate its resources to higher education.

What are some of the alternatives?

First is to continue on the present course of supporting mission-oriented or categorical programs, academic facilities, and student aid.

Second is to channel funds to higher education primarily through the individual student.

Third is to provide support directly to the institutions themselves.

Of course, these three alternatives are not mutually exclusive, but the critical question is which approach and philosophy will be predominant.

The Wescoe report succinctly evaluates the assets and liabilities of categorical support and other programs now in existence. It notes that World War II established a partnership between the government and the universities which produced scientific and technological advances essential to national security while at the same time strengthening the scientific resources of these institutions. The G. I. Bill and present student aid programs represent a thrust toward the reduction of financial barriers to a college education. Grants and loans for academic facilities and housing have helped ease the stress of growth for a large number of institutions. On the liability side, however, the Wescoe Committee describes present Federal support without clear goals or a comprehensive set of related policies as resulting in "distortion of academic development, disruption of institutional integrity and the imposition of burdensome, sometimes inconsistent, administrative regulations. Want of concern for the impact of Federal funding on individual colleges and universities as institutions has left some unaided, others selectively assisted and a few heavily committed to Federal programs. Some institutions receiving no aid

face extinction; those receiving selective support suffer internal distortions, while those heavily dependent on Federal aid have become prisoners of unstable financing."

An unfortunate side effect of heavy emphasis on project grant support and the fragmentation of Federal programs involving higher education is the development of Washington representatives to facilitate more effective participation in Federal programs. Some of the large universities have established their own offices in Washington at considerable expense. Others have entered into contracts with private commercial firms that promise to help colleges and universities get more Federal money--for a substantial fee, of course. Others have joined together to maintain Washington offices on a ccoperative basis. Competition is getting keen for the available dollars, and Washington is becoming filled with the babble of many voices speaking for higher education.

Each of the major aircraft companies has a Washington office to promote and handle contracts with the Department of Defense. Will each of our more than 2000 colleges have to do the same? Is educational service in the national interest to be handled the same as contracts for the production of missiles, with institutions competing with each other for Federal assistance. This may be one consequence of too much reliance on the project grant approach to support for higher education, and it poses a distinct threat to institutional identity and integrity.

The president of a major state university has remarked to me that federal project grant support was turning his institution into a holding company for academic entrepreneurs. The loyalties of his faculty no longer were to the goals and objectives of the institutions, but to their research projects and to the federal agencies that supported them. The recent sharp cutbacks in federal project support, however, has forcefully brought home to the faculty the need for stable and continuing support through the institution.

To facilitate the development of clearly stated goals and a coherent set of policies on the part of the Federal government, the Wescoe Committee recommends the creation of a National Council of Higher Learning in the Office of the Secretary of Health, Education, and Welfare.

The second alternative involves the channeling of federal funds to higher education through the student. One plan which has considerable political appeal would provide tax credits for educational expenses. This sounds good to middle and upper income parents who are hard-pressed to meet the rising costs of sending their children to college, particularly to those which charge high fees. Actually, however, the plan was conceived as a means of channeling Federal funds to colleges and universities without worrying about constitutional restrictions on the use of federal funds for religious or racially-segregated institutions. One of the originators of the tax credit plan, Roger A. Freeman of Stanford University explained the way it would work: "Tuition tax credits are not intended to help the taxpayer as such but to help him support the college of his choice." To get the Federal money, colleges would raise their tuitions; the parents would pay it, and deduct an amount from their federal tax bill. Nobody gets hurt, except low income families, students working their way through college, and veterans on the G. I. Bill who would have to pay the increased tuition without much of the benefit of the tax credit. Also, it would cost the U. S. Treasury a billion and a half dollars a year which either would have to be made up through increased taxes or taken away from other programs of assistance to higher education.

A more recent proposal is the Educational Opportunity Bank, or Student Life Indenture Plan to which I referred earlier. Some of the proponents of this plan see it as a means of encouraging colleges and universities to charge all or most of their costs to the student, who would pay them by borrowing from the Federally-sponsored bank and repay a portion of his income for 30 or 40 years. If the student pays the Bank back, why do I categorize this plan as a device to channel Federal funds to higher education through the student? Because the plan must provide for a student to "buy out." Therefore, it would be advantageous for students going into higher paying jobs to buy out, leaving the bank in the actually unsound position which would require Federal subsidies.

The thrust of both the recent report of the Carnegie Commission on Higher Education, headed by Dr. Clark Kerr, and the report of the HEW Committee on Federal Support for Higher Education headed by Dr. Alice Rivlin, is to expand equality of opportunity by allocating a substantial part of Federal higher education funds directly to the students. Both Kerr and Rivlin have acknowledged that this will enable institutions to raise their tuition more readily. The inevitable consequence, of course, is an escalation process which would require ever-increasing student financial aid funds to enable students to meet the ever-increasing costs of going to college. This trend would lead down the road to the point where the student would bear the primary burden for the support of higher education. If this becomes the accepted principle, why then should state legislators and private donors provide funds for college and university instruction? Affluent students presumably would have no difficulty paying the full cost of their education. Others would be given access to a national student loan bank so that they too would be able to pay the full cost. The only difference is that the affluent would be able to set about building a career and establishing a family debt-free, while everybody else would start with the equivalent of an educational mortgage ranging up to $30,000.00 or more, or have a long-term indenture on their future earning. If the spouse also went to college, the debt would be double.

Among the arguments in favor of channeling funds through the student, are, that it would provide students with freedom of choice in selecting their colleges; promote diversity, and give students greater power in the area of educational decision-making. Critics have suggested that students do not gain freedom of choice merely by having enough money. The institution still exercises freedom of choice in its admissions policies. Since this approach might well eliminate the need for publicly supported institutions, diversity would no longer be maintained. All colleges, as economist Milton Friedman suggests, would operate on a free market basis. The argument that channeling funds primarily through the student will eliminate governmental control is refuted by the present position of Congress to withhold Federal funds from students whose actions it deems are contrary to the national interest.

In response to the position that students should pay a much greater share of educational costs, Dr. Howard Bowen, economist and president of the University of Iowa, estimates that "in real economic terms" the student already is paying about 75 per cent of the cost of going to college when you take into account foregone earnings. "My analysis," says Dr. Bowen, "leads me to the conclusion that the recent rise in tuitions in both private and public institutions should not continue, and that proposals involving the further escalation of tuitions are essentially unsound." He proposes a national program based on aid to students to help them meet college costs, and aid to institutions to help keep college charges from rising.

Let us now take into consideration the third alternative, which is to provide Federal support directly to colleges and universities. Increasingly, higher education is becoming united in the pursuance of this goal.

Last March a panel of college and university presidents representing every type of institution appeared together before the subcommittee on education of the U. S. Senate to discuss the Higher Education Amendments of 1968. This historic occasion brought together representatives of the American Council on Education, the American Association for Higher Education, the American Association of Junior Colleges, the American Association of State Colleges and Universities, the Association of American Colleges, the Association of American Universities, and the National Association of State Universities and Land-Grant Colleges.

They agreed that the immediate role for the Federal government was to perfect and provide adequate funding for existing programs, particularly academic facilities. The second basic objective of the Federal government, they suggested, would be to do everything in its power to help all institutions, public and private, to keep their charges down. Third, they called the subcommittee's attention to the fact that every major higher educational association is represented on the panel as believing that the next major move the Federal government must make in its support of higher education is general institutional support. The trick, of course, is to gain consensus for a specific proposal, and that process is now underway.

In November, representatives of the seven major associations called a press conference to launch their drive for institutional support. University of Wisconsin President, Fred Harvey Harrington, pointed out that many of the nation's colleges were "near the breaking point" where they might have to raise tuitions and fees drastically. Participants in the press conference concluded that with unprecedented enrollments and constant pressures for new areas of service, the financial needs of colleges and universities have reached a critical stage. Needed is a substantial new program of institutional grants by the Federal government to complement, not supplant or diminish, present programs in order to protect the essential integrity of colleges and universities.

During the past year, most of the seven associations have issued their own statements urging Federal support for general institutional purposes. Last Friday, the American Council on Education released its statement which said that such support was the "principal unfinished business of the Federal government in the field of higher education."

"The Council said that a program of institutional grants can have the following immediate effects:

1. It can provide a broad base of support for institutions to strive toward greater quality.

2. It can provide a broad base of support for other approved institutions to strive toward the quality that inadequate previous resources have denied them.

3. It can help institutions, public and private alike, to slow down the trend toward increased student fees--a trend that is in direct contradiction to all our efforts to provide broader access to higher education for all our young people."

Two pieces of legislation for institutional support are now being considered by Congress. One is known as the "Miller Bill" because its principal sponsor is Representative George Miller of California, Chairman of the House Committee on Science and Astronautics. Its formal title is "National Institutional Grants Program." It is designed to channel funds to all types of institutions on a formula basis for the support of education and research in the sciences, including the social sciences. The Bill initially was developed by the National Association of State Universities and Land-Grant Colleges in cooperation with the American Association of State Colleges and Universities, and of the spokesmen for higher education that have testified on the Bill during the past two weeks all have supported it in principle, but with certain suggestions for changes in the formula.

Last year, Representative Daddario's subcommittee on science, research, and development conducted extensive hearings on the Miller Bill that were largely exploratory. Prior to the current session of Congress, the subcommittee revised the original bill and increased the initial authorization from $150.00 to $400 million. This would indicate strong interest by the subcommittee, and the hearings that were held during the past two weeks appear to have strengthened its interest.

The declaration of purpose of the revised bill as introduced by both majority and minority members of the committee states, in part:

> "Experience has shown that the project grant and contract system, almost the sole means through which the Federal government now secures the research it requires from institutions of higher education, is inadequate. It is, therefore, essential to provide, as a supplement to other forms of support, an element of stable, long-range funding for research and instructional programs in the sciences to the institutions of higher education in such a fashion as to preserve their independence, integrity, and freedom of inquiry."

While most members of the higher education community who have testified on the Bill would prefer an institutional grants program that would cover the humanities as well as natural and social sciences, political experience suggests it is best to begin in an area where Federal participation has long been recognized and accepted. Implementation of the principle, if successful, could later be extended to the arts and humanities.

There is clear indication that the Bill, as revised by the House committee, will be introduced in the Senate this week by several influential senators.

A second major institutional grants bill was introduced in the Senate last week by Senator Harrison Williams of New Jersey and 27 other senators. This bill would authorize $1.5 billion for the fiscal year beginning in 1970 for the support of comprehensive community colleges, and increase to $2.5 billion by the fiscal year ending June 30, 1973. Initially, it would provide $10 million for the development of state plans. Purpose of the bill is to assist the states in providing post-secondary education to all persons in all areas of each state for the purpose of strengthening, improving, and developing comprehensive community colleges.

Senator Williams, in introducing the bill, commented that the comprehensive community college represents a new level of education in the country--a level quite different from secondary education and higher education. He added that "education is not a private privilege; it is a public responsibility."

It has been assumed that the House subcommittee on education would not be particularly enthusiastic about general institutional aid. But the best case I have seen for institutional support was made recently in an article by Representative Edith Green of Oregon, chairman of the subcommittee, and I shall end my paper with a quote from her statement.

"As you move toward 1980, I would propose that educators begin to press for a policy of general federal aid to higher education with as few strings attached as is politically possible. Obviously, this demand will necessitate a favorable federal response before it can become a reality in terms of long-range practice. But the time to begin to campaign is now. We must convince ourselves and the federal agencies that colleges and universities know what they need and know how best to spend their incomes.

"It seems to me, also, that to request this kind of a policy in federal spending will require forebearance on the part of all higher educational institutions. They must hold out for aid to meet their priorities as they conceive them. Federal money simply must not become a force to mold American education into conformity.

I do not intend to say that national purposes are of themselves inimical to the internal direction and goals of our colleges and universities. Students of the University of Iowa grow as individual researches in work on space satellites. Students and faculty at Stanford benefit enormously from the government-sponsored Electron Accelerator. Yet I believe that public and private universities should maintain their own direction and let government come to them for the brains and programs which government needs. If the procedure works the other way round--government funding for specific governmental needs--then the universities and colleges lose the precious power to determine what is best for them: given their students, their faculties, their facilities, their long- and short-range purposes. . . .

If higher education bends its purposes to fit only the needs of the nation--as interpreted by one or more federal agencies with a great deal of money to spend--then the educational goals of diversity, excellence and non-conformity may be in danger."